ALBERTA ASSOCIATION OF AGRICULTURAL SOCIETIES

INSURANCE PROGRAM

An Insurance Program designed by the Alberta Association of Agricultural Societies, to meet the needs of Agricultural Societies and Community Associations.

Robert R Cormack
Insurance Co-ordinator
Alberta Association of Agricultural Societies.

TO ALL MEMBERS OF
THE ALBERTA ASSOCIATION OF AGRICULTURAL SOCIETIES

Demand and growth of community services in recent years has exceeded all expectations. As a result of such growth, there has been substantial financial investment by most association societies, and a considerable increase in the number and nature of the programs they are becoming involved in.

Those who are entrusted with the responsibility of administering community associations usually control the purchasing of insurance coverage. Accordingly we are faced with the fact that an uninsured or improperly insured loss could deprive a community of much needed services for a lengthy period of time as well as costly law suits.

As administrators of societies and associations are of varied professions and freely volunteer their services, are they familiar with complex insurance programs and procedures and certain their insurance coverage is adequate? Probably not.

The A.A.A.S. has been aware of insurance problems that face societies and every effort is made by the A.A.A.S. through continuous studies with insurance brokerage firms to develop suitable insurance programs to meet the basic needs of all Association members.

Considerable research and planning was involved in the implementation of the A.A.A.S. program and it is felt that the program is worthy of your support and consideration because each participating society adds to the strength and viability of the A.A.A.S. program.

R R Cormack

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Insurance Co-ordinator
Alberta Association of Agricultural Societies

1 March, 1983

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DEVELOPMENT OF THE A.A.A.S. INSURANCE PROGRAM

In the past, individual societies arranged their own insurance and the effectiveness of the insurance depended on several factors. By purchasing insurance on this basis, there was no consistency in terms of coverage and it was the feeling that while some societies may have been adequately protected with insurance, many others were not.

Since the formation of the Association, one of the roles of the A.A.A.S. has been to develop an insurance program and to keep its members informed of trends and changes in the area of insurance.

Insurance is a complex subject requiring the specialized services of an insurance brokerage firm and to administer and provide the insurance coverage required, the A.A.A.S. selected the firm of Tomenson Saunders Whitehead Limited with the authority to canvass the insurance markets from time to time in an effort to maintain suitable coverage within competitive premium levels.

The A.A.A.S. is not a seller of insurance but has made available to its members a package of insurance through Tomenson Saunders Whitehead Limited.

No society is under any obligation to purchase insurance through the A.A.A.S. program, however the situation with the program is not unlike membership in the Association itself. Those which choose to participate do because they believe that good results has been, and are being, achieved and that collective action will provide the greatest benefit to the greatest number in the long term.

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ALBERTA ASSOCIATION OF AGRICULTURAL SOCIETIES

INSURANCE PROGRAM:

This program has been developed to provide the basic insurances required by the societies to protect their assets from loss as a result of physical damage to their properties or injury to the general public. The program encompasses all of the major areas of general insurance and the following coverages should be considered to ensure an adequate insurance program.

1. Insurance on buildings, contents and rental income is available for damage by "all risks" or on a named peril basis.

2. Comprehensive general liability insurance provides protection against liability from bodily injury and property damage imposed by law and or assumed under contracts or agreements in the course of the operations of the societies.

3. Blanket bond to protect the societies against loss of money, securities or other property caused by the dishonesty of employees, officers or directors.

4. Boiler and machinery insurance should be carried in conjunction with insurance on buildings and contents.

In addition to basic coverages, other forms of insurance such as insurance while buildings are under construction, money and securities, personal accident insurance and automobile insurance can be made available where required.

The program will be administered by Tomenson Saunders Whitehead Limited and their counselling personnel are trained to advise and assist you in enrolling in the program. If more details about coverage and the program are required, please direct your inquiries to:

Tomenson Saunders Whitehead Limited
1040 - 10025 Jasper Avenue
Edmonton, Alberta
T5J 1S6

Telephone: 428-0390

or

Secretary Treasurer
Alberta Association Agricultural Societies
2nd Floor, Agricultural Building
7000 - 113 Street
Edmonton, Alberta
T6H 5T6

Telephone 427-2174

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PRINCIPLES OF INSURANCE

The following are principles of Insurance that should be considered by any buyer of Insurance.

Principle I
Insure only against losses that cannot easily be absorbed in operating expense in any one year.

Insurance by its nature is designed to take care of catastrophes. Some small, frequently recurring claims, can be considered a cost of operation and less expensively handled by the Insurance buyer than by Insurance companies, who have to pay adjusting, administrative fees, taxes and make a profit.

Principle II
Partial self insurance and the use of deductibles help to reduce the number of claims to a minimum. Insuring small potential losses, particularly those with high loss frequencies, means trading insurance dollars with an Insurance carrier. The Insurer must load your premium to take care of 'maintenance' losses.

Principle III
Always insure where the risk of potential loss is severe, even if the probability of loss is small. Attempting to predetermine if and where a loss will occur can be dangerous.

In assessing the need for Insurance to protect you against any particular hazard, it is more important to consider the severity of a possible loss rather than the probability of a loss.

IMPORTANT FEATURES:

1. The program is designed to provide comprehensive protection for societies taking into consideration special needs and requirements.

2. Broad and flexible coverage which can be modified to respond to individual situations.

3. The program will be underwritten by stable underwriting markets.

4. Members will benefit from lower costs because of the group program concept.

5. Trained insurance personnel will be available for counselling, to answer your questions and generally assist in matters pertaining to insurance.

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OUTLINE OF BASIC COVERAGES

Buildings, Stock and Equipment

The principal physical assets of a Society will consist of buildings and contents and those assets can be insured on either a named perils basis or all risk basis. The named perils form will provide coverage against fire, lightning, explosion, impact by aircraft or vehicles, riot, smoke, windstorm, hail, vandalism and malicious damage. The all risks form insures against any physical loss or damage not specifically excluded and this basis is preferrable.

The insurance on such property will include the following features:

(a) Loss settlement on the basis of actual cash value or replacement cost

(b) 90% co-insurance clause which can be substituted with a stated amount clause

(c) Debris removal clause

(d) Automatic reinstatement of loss clause

(e) Fire department service charges

(f) Rental value insurance if required

RELATIONSHIP OF INSURANCE AND VALUES

We think it is important to deal with values for insurance purposes and the adequacy of insurance in relation to these values. Value for insurance purposes is a basic figure from which the proper amount of insurance can be determined. The amount of insurance to be carried as determined by this figure is affected by an important fundamental of insurance, that of the co-insurance clause.

The co-insurance clause is simply an agreement that insurance at least equal to 80% or 90% of the value of the property shall be maintained, and if this is done, the full loss up to the amount of insurance will be paid. If the proper amount of insurance has not been maintained, you must bear a proportionate amount of any loss.

The following examples will show how the coinsurance principle works:

Value of Property Insured	Insurance Required Under 80% Clause	Insurance Carried	Actual Loss and Damage	Insurance Companies Pay	
$100,000.	$80,000.	$80,000.	$40,000.	8/8, or full amount of loss	$40,000.
100,000.	80,000.	60,000.	40,000.	6/8 of loss, or	30,000.
100,000.	80,000.	40,000.	40,000.	4/8 of loss, or	20,000.
100,000.	80,000.	80,000.	60,000.	8/8 of loss, or	60,000.
100,000.	80,000.	80,000.	80,000.	8/8 of loss, or	80,000.
100,000.	80,000.	80,000.	90,000.	8/8, but limited to total amount of insurance of	80,000.

It should be remembered that the amount of insurance required by the co-insurance clause is based upon the value of the property at the time of loss, not at the time the policy is purchased. One aspect of insurance that is of major concern to us is that a society may incur a co-insurance penalty, especially during a period of inflation, and insurance values should be reviewed and updated on an annual basis.

APPRAISALS:

The determination of property values is a complex problem, however the most accurate method of establishing values for buildings and their contents comes from a proper appraisal. The appraisal is invaluable in determining the appropriate amount of insurance to carry as well as assisting in the prompt settlement of a claim.

If you require some assistance in this area of determining adequate amounts of property damage insurance, please contact the A.A.A.S. office or program administrators.

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COMPREHENSIVE GENERAL LIABILITY

In broad form the main object of Agricultural Societies is to encourage improvement in the quality of life in the community by supporting and co-operating with other community organizations and by providing facilities to encourage activities to enrich community life.

In areas where Agricultural Societies own or rent facilities and are assisting in or conducting community/recreational activities, either directly or indirectly, there are certain legal liability aspects which must be practiced and understood in order to protect yourself and your Society.

The following is a brief detail of the legal aspects in reference to liability responsibility.

Liability - what is it? Liability is negligence.

Negligence - what is it? Negligence is an unintentional act. You are not guilty of anything, but are liable to the person injured as a result of the unintentional act.

There are two ways you can be liable:

personally responsible
vicariously responsible - this is as a result of someone you have hired to perform an act and while in the process of performing the act injures someone. You are then vicariously responsible.

Negligence:

There has to be a breach of duty of care to constitute negligence.

Duty of care is the duty you have not to hurt others or their property.

Damage to someone must occur from breach of duty of care before negligence can be claimed.

You can insure yourself against the possibility of a breach of duty.

Insurance generally does not cover intentional acts.

Vicarious Responsibility

Master and servant relationship. If you hire someone, or use a volunteer, that person becomes your agent, or the agent of the Board which hired him. If the agent is working within the scope of his employment and acting under your control, then the hiring person or Board is responsible.

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Liability in Community or Recreation Programs

A Board or Association will be legally responsible if there has been a breach of care and damage results. The important points in regard to Programs are knowing what your duties are towards the participants so you can prevent a breach of care, and the hiring of fully qualified personnel to conduct the programs.

Three things you must provide:

1. Instruction (sufficient instruction and demonstration of the correct way).
2. Supervision (by a qualified instructor)
3. Safety measures (all equipment in good repair and being used as intended)

Programs should be chosen carefully so that they are suitable to the age and ability of the participants.

Instruction must be given in progressive steps and fully demonstrated. Sufficient time must be given to ensure each step is learned properly.

Supervision: The instructor must supervise the participants constantly. If there are several activities going on, the most qualified instructor supervises the most dangerous activity.

Safety Measures: You must provide adequate safety measures. This entails anticipating risks likely to be present with regard to the age of the participants. All equipment must be completely safe and in good repair. Spotters must be provided in activities calling for them.

Waiver: A person or Board cannot put their responsibility onto someone else simply by having him sign a waiver form. You cannot waive your legal responsibility. In the case of a parent signing a waiver form for a child - the parent cannot waive his child's rights by signing a paper.

Occupier's Liability:

1. There are three classes of people coming onto your premises:

   Invitees: lawful visitors from which the operator will derive benefit (such as a store, swimming pool, etc)

   Licensee: lawful visitor, there for the pleasure of the operator (guest)

   Trespasser: there without consent

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It should be noted that in Alberta all children are considered as licensees, even if they are on the premises without consent.

There are three different kinds of duties towards the people coming onto your premises:

1. Invitees: Operator gives reasonable care to protect the individual from reasonable dangers. A 'reasonable danger' is a danger that you know of or ought to know of.

2. Licensee: Warning must be given of known concealed dangers.

3. Trespassers: Your only duty is not to set deliberate traps. (Except in the case of children who must be looked upon as licensees and treated accordingly).

Definition of Occupier: The owner or proprietor or any person or Board who has control of the premises (if the Board rents a school gym or uses someone else's facility, the Board is considered the occupier).

Common Duty: The Occupier has a common duty to provide a safe building (structure), a playing field in good condition, etc. Activities must be suited to the premises, and outside people must not be allowed to interfere with the activities.

Warning Signs: You can attempt to restrict your liability by putting up warning signs, but you must draw these to the attention of each person entering. These signs are not of value where there are children entering the premises as the law says children are not capable of reading the signs adequately nor able to waive the responsibility.

Children are considered as under 18 years of age in Alberta. In some cases a child can be held partially responsible depending upon the conditions prevailing and the age of the child.

Open playground equipment: Your responsibility here is to make the area as safe as possible for the age of the children using the facilities. Heights should be kept to a reasonable level, especially if being used by young children. Equipment must be kept in excellent repair and be set up solidly.

How to prevent accidents and/or liability:

Know what your duties are.
Use only adequately trained people as supervisors and instructors.
Use good equipment and have well supervised activities.
Attempt to restrict liability by having waivers signed, and by posting signs.
Avoid paying costs of damages by carrying adequate insurance.

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COMPREHENSIVE GENERAL LIABILITY

Liability insurance will insure a society's legal liability exposures to loss resulting from bodily injury to persons and damage to property of others caused by the society's activities.

The basic policy would include the following extensions of coverage:

(a) Personal Injury Liability

Provides protection for legal liability arising out of libel, slander, false arrest, malicious prosecution, invasion of privacy, defamation of character, wrongful eviction or wrongful entry. This coverage is especially desirable when direct contact with the general public is involved.

(b) Additional Interest of Employees and Volunteer Workers

This extension provides each employee and volunteer worker with the same liability protection while the employee and worker is acting within the scope of their duties.

(c) Medical Payments

Provides for the payment of medical costs incurred by members of the public as a result of accidents arising out of the condition of your premises or operations.

(d) Blanket Contractual

Coverage is provided for any hold harmless agreements that you may enter into. The need for this coverage arises when liability is voluntarily assumed under contract rather than imposed by law.

(e) Owners' and Contractors' Protective

This extension will protect you from loss due to liability arising from the operation of sub-contractors. Those who employ independent contractors may be subjected to damage suits for supervision omissions or because of extra hazardous activities for which liability cannot be delegated. The protective liability is designed to protect against these possibilities.

(f) Property Damage Occurrence

Extends the basis property damage coverage to the broader "occurrence" basis rather than "accident" basis.

(g) Contingent Employer's Liability

The standard liability form excludes claims arising out of bodily injury, sickness, disease or death of any employees

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while engaged in their duties. Liability to employees can be covered by extending the policy form to provide contingent employers' liability coverage. Employees covered under Worker's Compensation lose their right to bring an action against their employer, whereas employees not covered under Worker's Compensation have a right to sue the employer. Employers' liability insurance protects the employer in the event that injury is sustained by an employee who does not come within the coverage normally provided under Worker's Compensation.

(h) Non-Owned Automobile

We have made provision to extend the standard coverage to protect you against the exposure of liability claims arising out of the use of non-owned automobiles.

(i) Products Liability

Provides protection against liability claims arising out of a product.

(j) Tenant's Legal Liability

When a society is a tenant or a lessee of a building it will require tenant's legal liability coverage on either a fire and extended coverage basis or an all risks basis to protect it in the event the building occupied by the society is damaged because of its negligence.

FIDELITY BONDS

Employee fidelity insurance protects the policyholder against the risk of financial loss of money or other property by dishonest acts of employees. The amount of indemnity required can vary widely from one situation to another and higher limits of coverage can be purchased if required.

In addition to losses due to employees including officers and directors, the program also makes available coverage against loss of money and securities and other property resulting from robbery, burglary, depositors forgery or other crimes.

BOILER AND MACHINERY INSURANCE

Policies insuring equipment, buildings and similar assets usually either exclude or limit coverage for damage caused by boiler or other pressure vessel explosion.

Boiler and machinery insurance provides coverage for physical damage caused by accidents arising out of the use and operation of pressure, mechanical and electrical equipment. In general, these insured accidents are defined in terms of sudden and accidental occurrences which manifest themselves sufficiently to require repair or replacement. The type of objects commonly insured under a boiler or machinery policy are boilers, reciprocating pumps and compressors, refrigerating systems, internal combustion engines and electric motors.

The limit of insurance should be adequate to cover not only the highest valued object insured, but also sufficient to cover the value of other property which may be damaged in the event of an accident. The coverage can be written on an actual cash value basis or repair and replacement basis. Under repair or replacement, the coverage provides the difference between actual cash value at the time of loss and the cost to repair or replace the damaged property of like kind, capacity, size and quality.

ADDITIONAL FORMS OF INSURANCE

To take care of specific needs, your A.A.A.S. program can provide a wide range of insurance coverages such as:

(a) Umbrella liability insurance
(b) Livestock insurance
(c) Course of construction insurance
(d) Personal accident insurance

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(e) Office contents and valuable papers insurance

If you require information on these coverages or any other aspect of the A.A.A.S. program, please contact the program administrators.

Tomenson Saunders Whitehead Limited
1040 - 10025 Jasper Avenue
Edmonton, Alberta
T5J 1S6

Telephone: 428-0390

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PREMIUM SCHEDULE

COMPREHENSIVE GENERAL LIABILITY

	$1,000,000.00 Limit	$2,000,000.00 Limit
One Facility	$175.00	$275.00
Two Facilities	$225.00	$350.00
Three or more Facilities	$300.00	$450.00

The premiums have been based on the number of facilities owned and/or operated by the individual society. For example:

One Facility	Arena
Two Facilities	Arena, Curling Rink
Three Facilities	Arena, Curling Rink, Swimming Pool, Museum or any combination of three or more facilities.

FIDELITY BOND

Basic Bond Limit	$10,000.00	- $42.00
Optional Limits	$15,000.00	- $60.00
	$20,000.00	- $75.00

PROPERTY INSURANCE

Insurance for buildings and contents are specifically rated based on the type of perils insured and completion of the property insurance questionnaire form.

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GENERAL INFORMATION

(a) Membership - In order that Societies may participate in the Insurance Programmes they must be members of A.A.A.S and their membership dues paid for the current year. A.A.A.S. membership expiry date is 31 December, annually.

(b) Payment of Insurance Premiums

i) Fidelity Bond Premiums are payable direct to

Secretary Treasurer
Alta Association of Agricultural Societies
2nd Floor
Agriculture Building
7000 - 113 Street
Edmonton Alta
T6H 5T6

ii) Comprehensive General Liability Premiums are payable direct to:

Tomenson Saunders Whitehead Limited (TSW)
1040 - 10025 Jasper Avenue
Edmonton Alta
T5J 1S6

iii) Fidelity and Liability Insurance Policies

Original/Master and duplicate copies of the policies are held by Tomenson Saunders Whitehead Limited and A.A.A.S. Certificates indicating proof of coverages are forwarded to the subscribing Societies.

iv) Property Insurance Premiums are payable direct to

Tomenson Saunders Whitehead Limited (TSW)
1040 - 10025 Jasper Avenue
Edmonton Alta
T5J 1S6.

(c) Insurance Expiry Dates

i) Fidelity Bonds - 8 February annually

ii) Liability Insurance - 31 March annually

iii) Property Insurance - Annual expiry date as noted on the policy.

A.A.A.S. Insurance Co-ordinator

R.R. Cormack (Rennie) Phone 1-586-2359 or 1-427-2174
R.R. 1
Westerose, Alta
T0C 2V0

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LIABILITY INSURANCE QUESTIONNAIRE
ALBERTA AGRICULTURAL SOCIETIES

DATE _____

NAME OF SOCIETY _____

ADDRESS _____

POSTAL CODE _____

PERSON TO CONTACT _____ TELEPHONE NO _____

AFFILIATED ORGANIZATIONS _____

THE SOCIETY OPERATES THE FOLLOWING FACILITIES:

(PLEASE CHECK)

ARENA ( ) CURLING RINK ( ) SWIMMING POOL ( ) HALL ( ) MUSEUM ( )

CONCESSION BOOTH ( ) FARMERS MARKETS ( ) PARK ( ) RACE TRACK ( )

FAIRGROUNDS ( ) BLEACHERS ( ) RIDING ARENA ( ) OTHER ( )

PLEASE EXPLAIN OTHER FACILITIES _____

_____

SPECIAL EVENTS

HORSERACING ( ) SKIDOO RACES ( ) PLOWING MATCH ( ) GYMKHANA ( ) CAR RACES ( )

DEMOLITION DERBY ( ) RODEO ( ) EXHIBITION OR FAIR ( ) MIDWAY RIDES ( ) OTHER ( )

PLEASE EXPLAIN OTHER SPECIAL EVENTS _____

_____

NUMBER OF PAID UP MEMBERS IN AGRICULTURAL SOCIETY ( )

ESTIMATED ANNUAL RECEIPTS FROM ALL ACTIVITIES SPONSORED BY AGRICULTURAL SOCIETY ($)

ANY LOSSES OR LIABILITY CLAIMS IN LAST 3 YEARS: YES ( ) NO ( )

IF YES PLEASE EXPLAIN _____

_____

DO YOU REQUIRE HIGHER LIMITS OF LIABILITY OVER THE $1,000,000. (ONE MILLION)

BASIC LIMIT: YES ( ) NO ( )

TO THE BEST OF OUR KNOWLEDGE THE ABOVE INFORMATION OUTLINES THE ACTIVITIES OF

_____ AGRICULTURAL SOCIETY.

DATE _____ SIGNED x _____ x FOR THE SOCIETY

WITNESS x _____ x

PLEASE RETURN TO: TOMENSON SAUNDERS WHITEHEAD LIMITED

1040 - 10025 JASPER AVENUE

EDMONTON, ALBERTA

T5J 1S6

PHONE: 428-03[illegible]

PLEASE NOTE: THE INSURERS MAY REQUIRE FURTHER INFORMATION BASED ON THE ANSWERS ABOVE.

ALBERTA ASSOCIATION OF AGRICULTURAL SOCIETIES

PROPERTY INSURANCE & UNDERWRITING INFORMATION

UNDERWRITING INFORMATION:

NAME OF AGRICULTURAL SOCIETY _____

OCCUPANCY & USE OF BUILDING _____

LOCATION (in or out of town) _____

AGE OF BUILDING _____ DIMENSIONS OF STRUCTURE _____

OPERATION OF BUILDING - Seasonal _____

Consecutive period not used _____

CONSTRUCTION a) Main structure _____

b) Foundation _____ c) Floors _____

d) Walls _____ e) Roof _____

f) Posts _____ g) Beams _____

h) Interior partitions _____

i) Bleachers _____ j) Heating _____

ARTIFICIAL OR NATURAL ICE _____

CONCESSION a) Grill _____ b) Kitchen stove type _____

c) Deep fryer _____ d) Automatic protection system _____

_____

OUTSIDE EXPOSURES & DISTANCE TO CLOSEST BUILDING _____

_____

FIRE PROTECTION

a) Inside Hoses, Extinguishers etc. _____

b) Outside - Hydrants _____ Distance from Building and location _____

c) Public - How far away & type?, Firehall & Number of Fire Trucks _____

_____

APPRAISAL & YEAR OF APPRAISAL _____

INSURANCE INFORMATION (Present Policy)

EXPIRY DATE _____ AGENT _____

INSURED AMOUNT _____ PERILS INSURED _____

DEDUCTIBLE _____ CO-INSURED _____

REPLACEMENT COST END'T _____ UNOCCUPIED/VACANCY EXCEL. _____

_____

ANNUAL RATE _____ ANNUAL PREMIUM _____ WARRANTIES _____

OUR RATING

PROTECTION CLASS RATE _____ ALL RISKS LOADING _____

DEDUCTIBLE CREDIT _____ LOSS EXPERIENCE _____

FINAL RATE _____

PLEASE SEND TO: TOMENSON SAUNDERS WHITEHEAD LIMITED
1040, 10025 JASPER AVENUE,